

Global Implications of Prices on International Agricultural Trade & Policies

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Crossroads

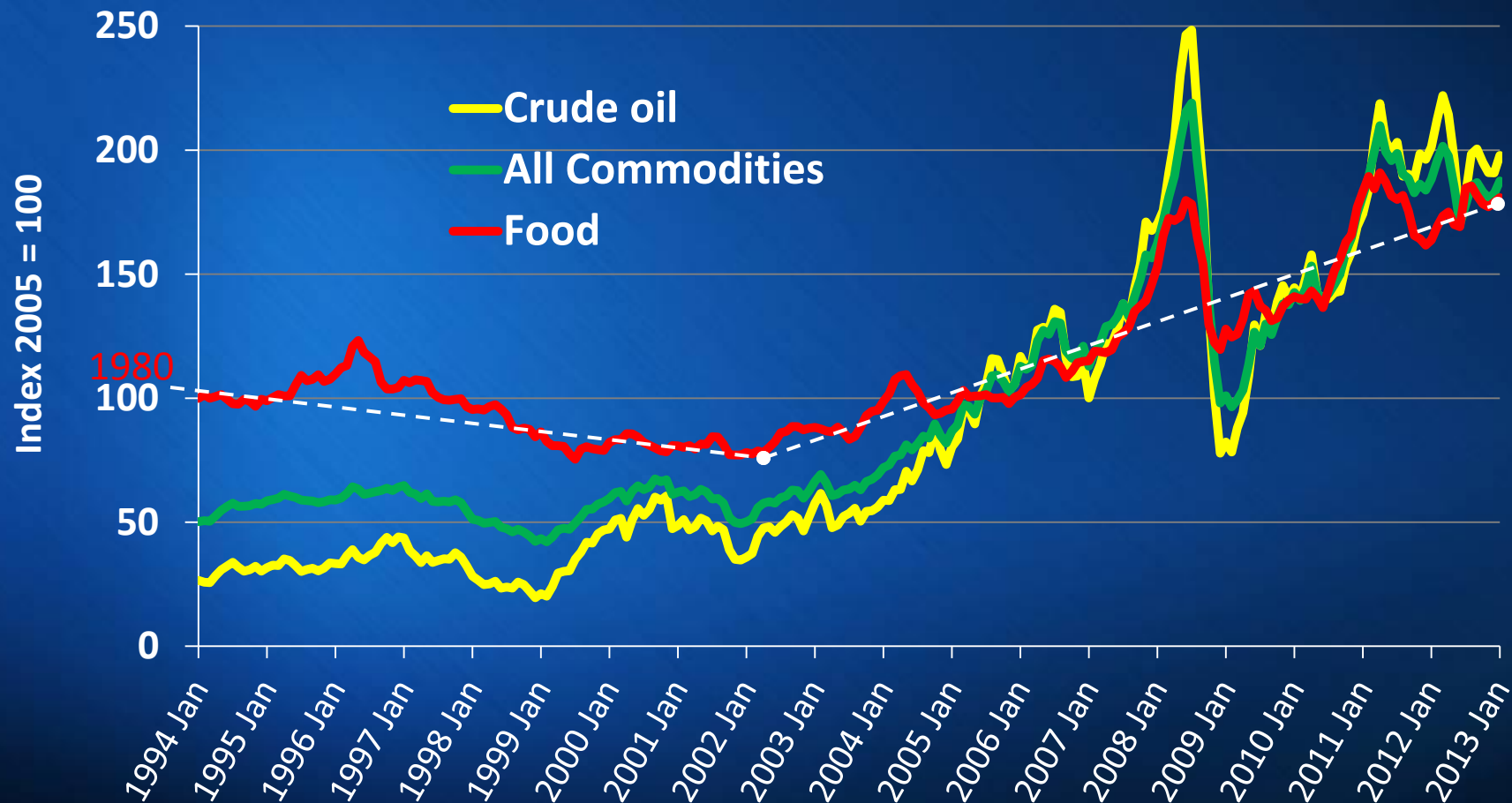
- Is the run of increasing food prices over?
- Will food prices diverge from oil prices?
- What does the future hold for global food demand?



Food Price Index Reverses Trend

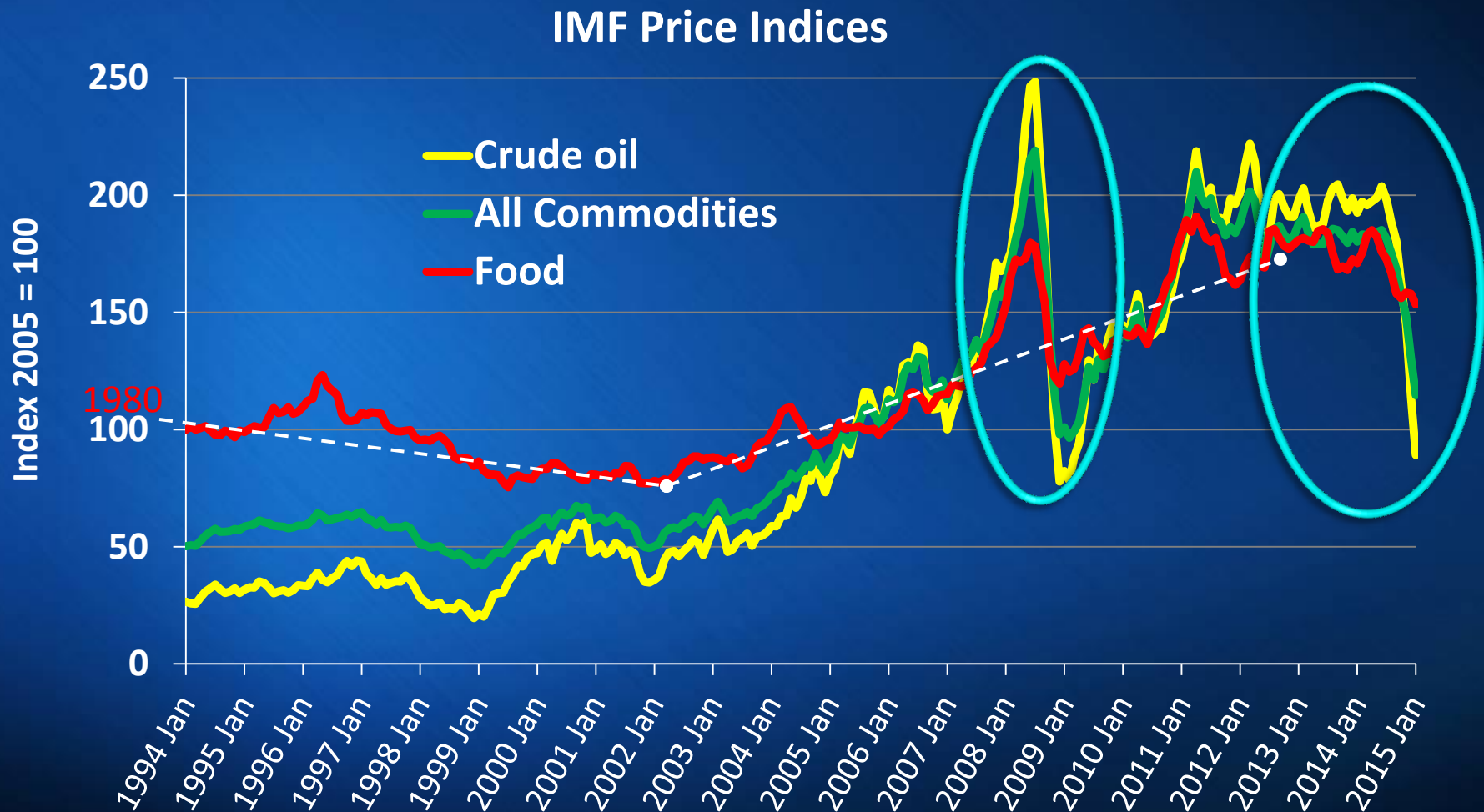
Energy, Commodity, and Food Prices Become More Closely Correlated

IMF Price Indices



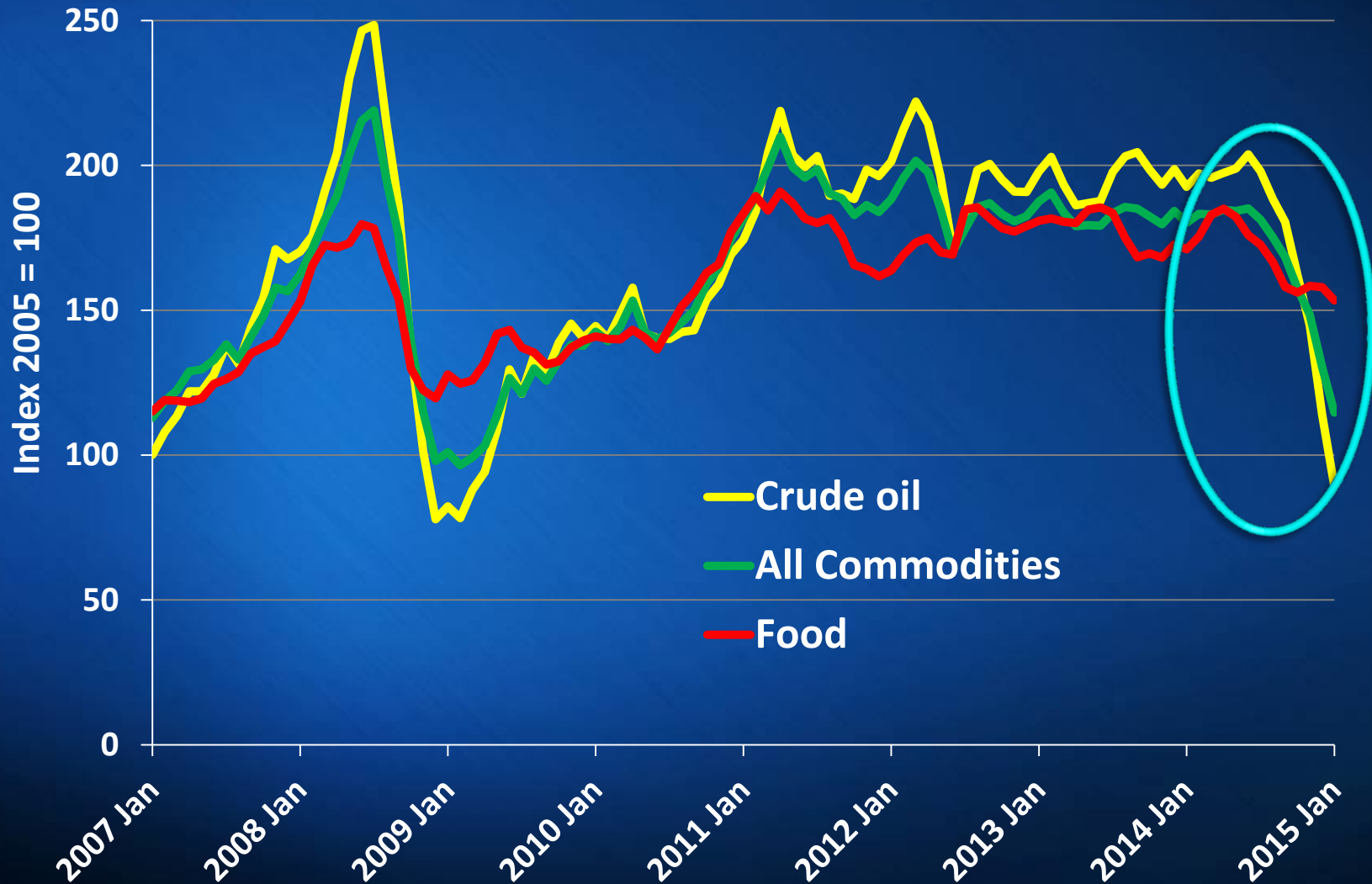
Commodity Price Crossroad?

Energy and Food Prices Becoming Less Correlated?

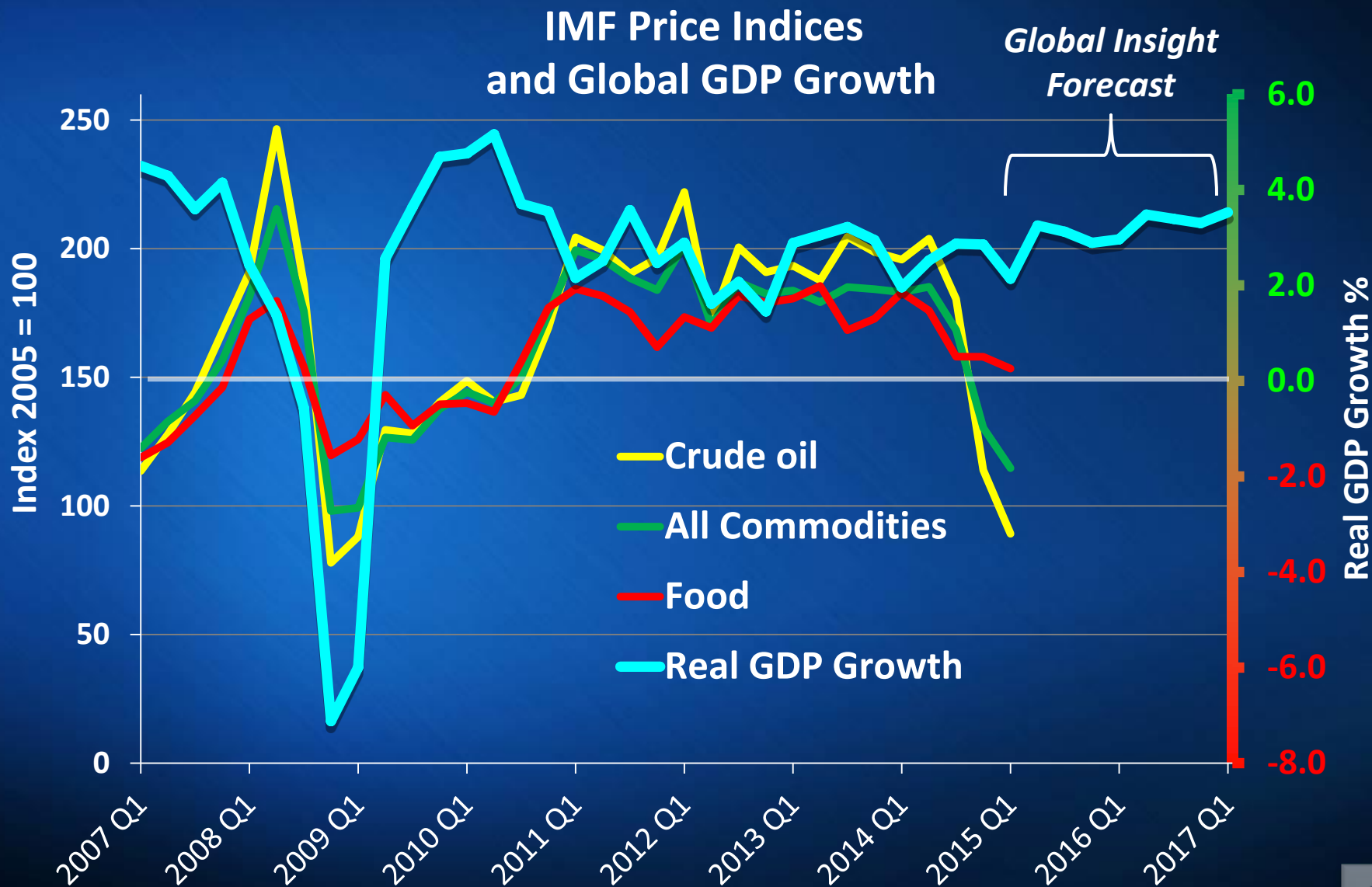


Current drop in commodities prices is not demand driven

IMF Price Indices



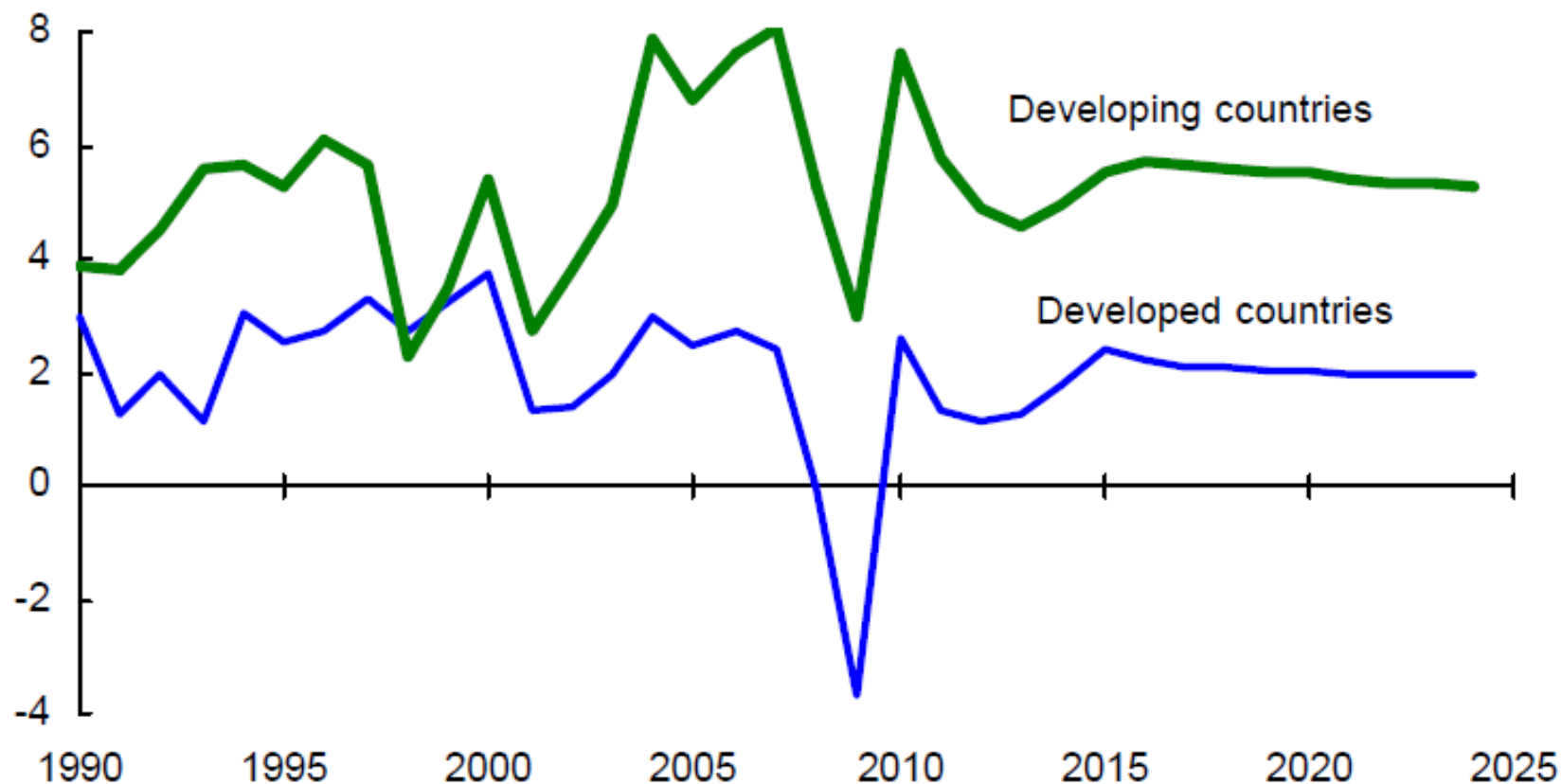
Global GDP Growth Will Boost Food Demand



Developing Country GDP Growth to Lead Food Demand

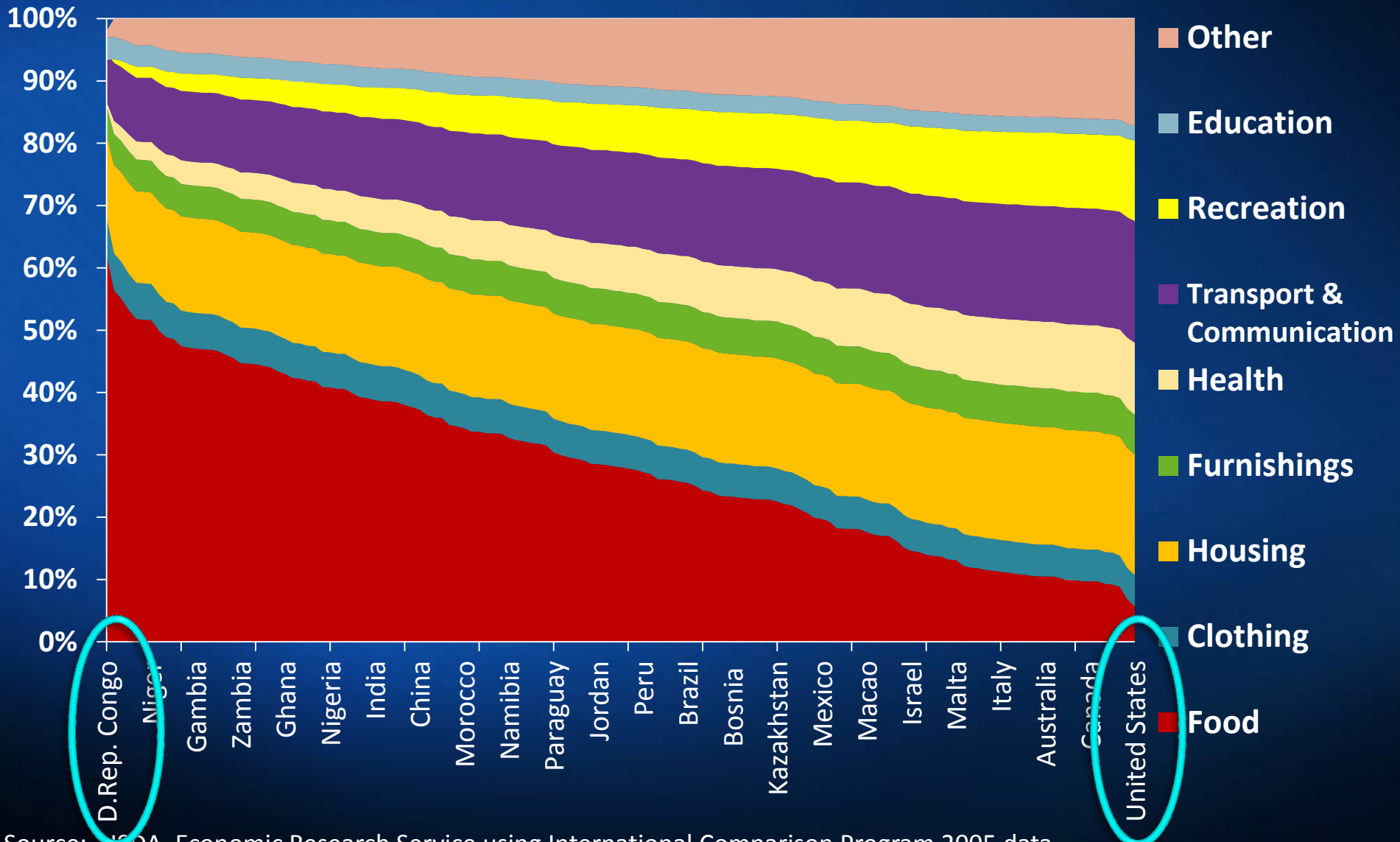
Gross domestic product (GDP) growth: Developing countries are projected to grow at more than double the rate of developed countries

Percent



Rising GDP and Lower Energy Prices Lead to Additional Income - How Will it be Spent?

Lower income countries spend much of that additional income on food

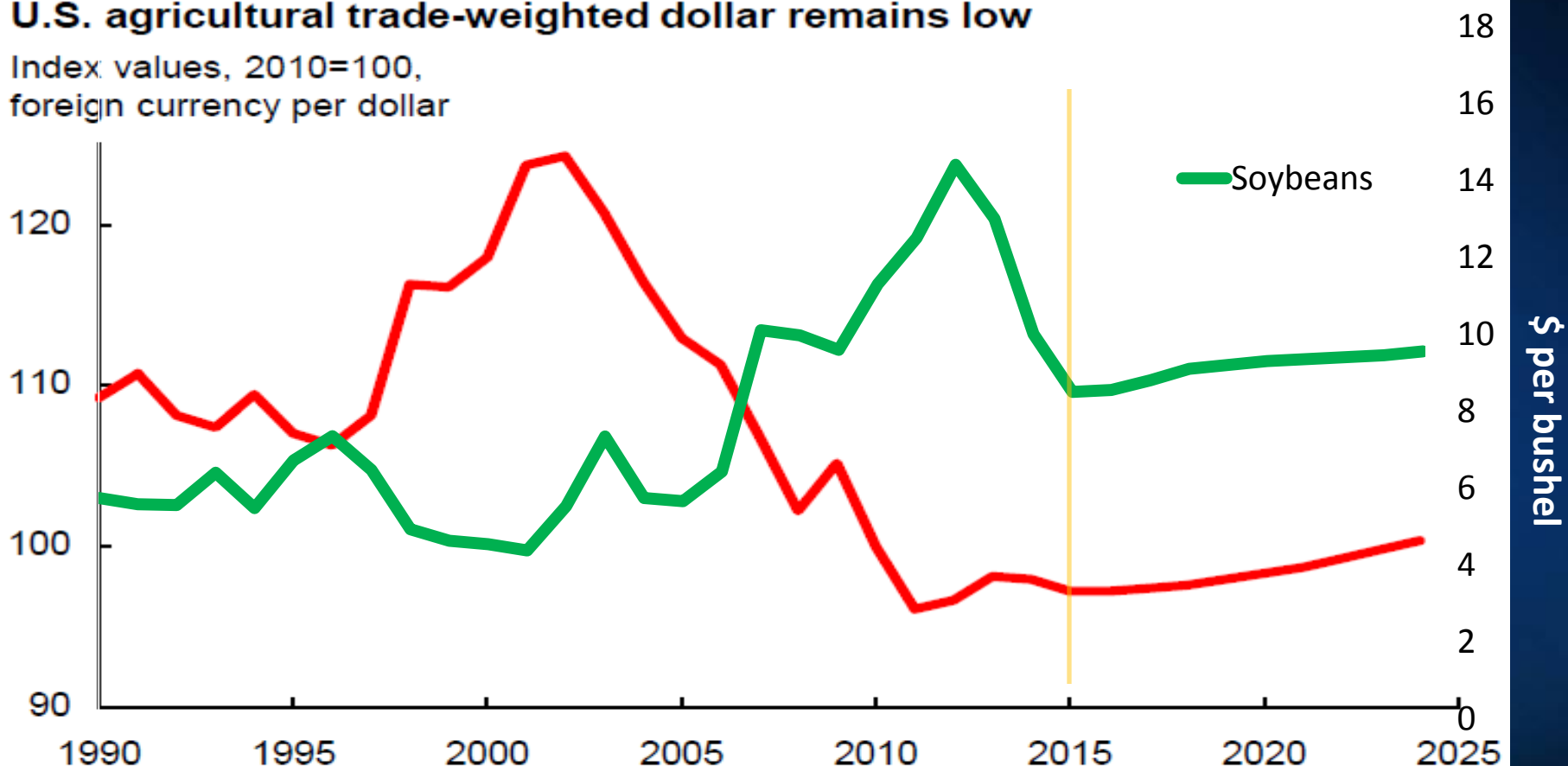


Source: USDA, Economic Research Service using International Comparison Program 2005 data.

Value of the Dollar Expected to Rise Putting Downward Pressure on Commodity Prices

U.S. agricultural trade-weighted dollar remains low

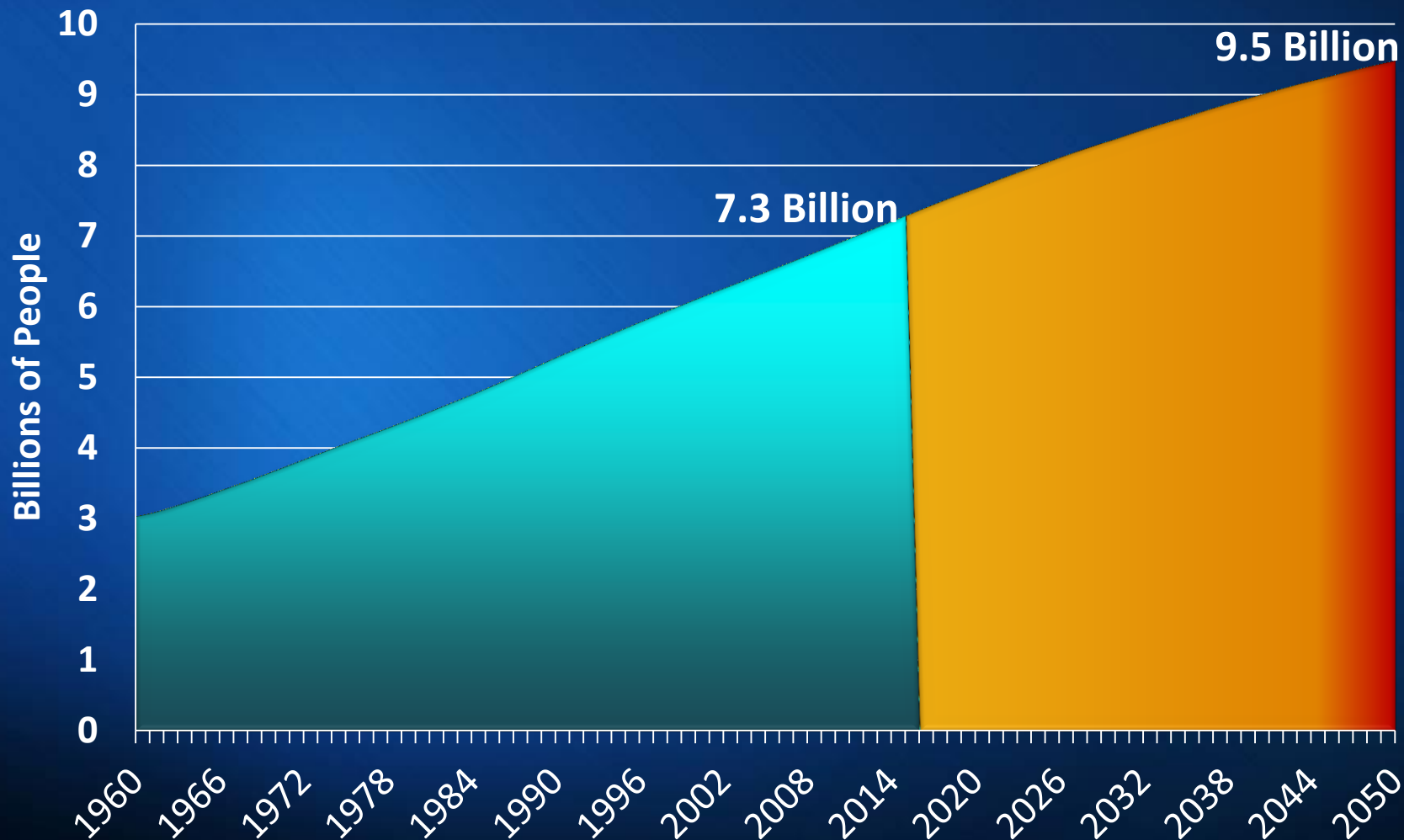
Index values, 2010=100,
foreign currency per dollar



Note: Real U.S. agricultural trade-weighted dollar exchange rate, using U.S. agricultural export weights, based on 192 countries.

Global Population Expanding at a Declining Rate

*Population set to grow about 63 million people per year
(pop. of the United Kingdom)*

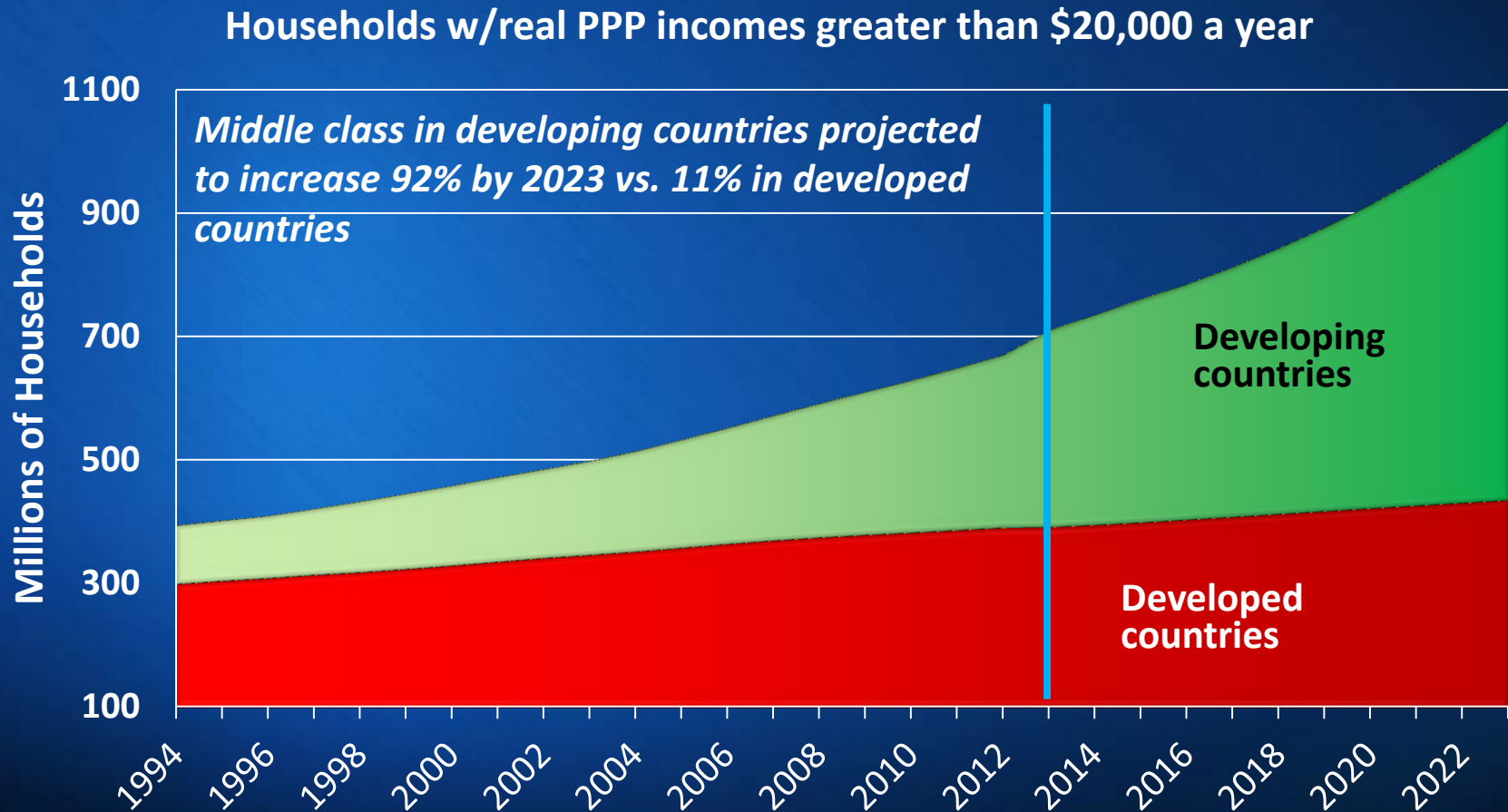


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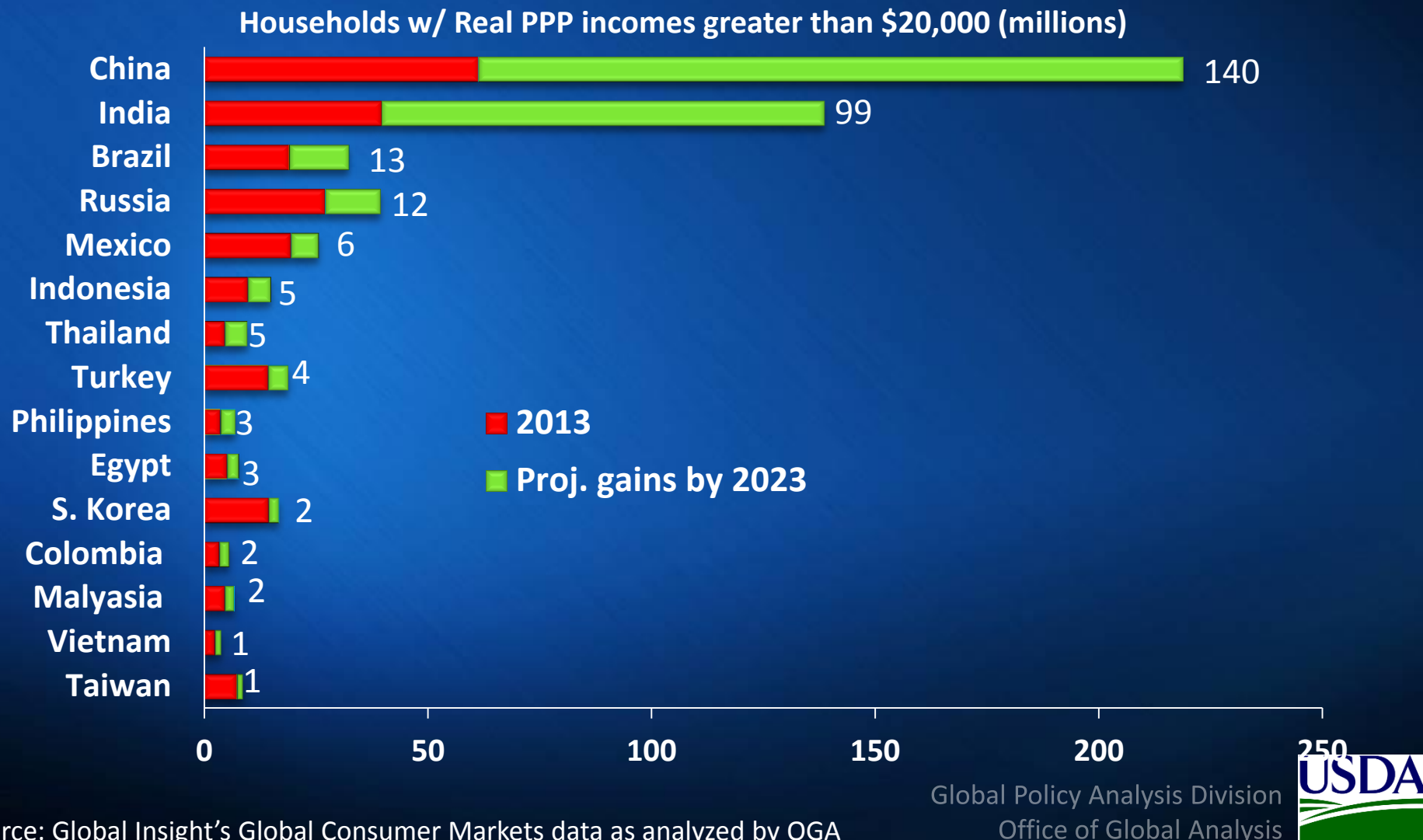


Global “Middle Class” is Expected to Exceed 1 Billion Households by 2023

Most of the increase will be in developing countries



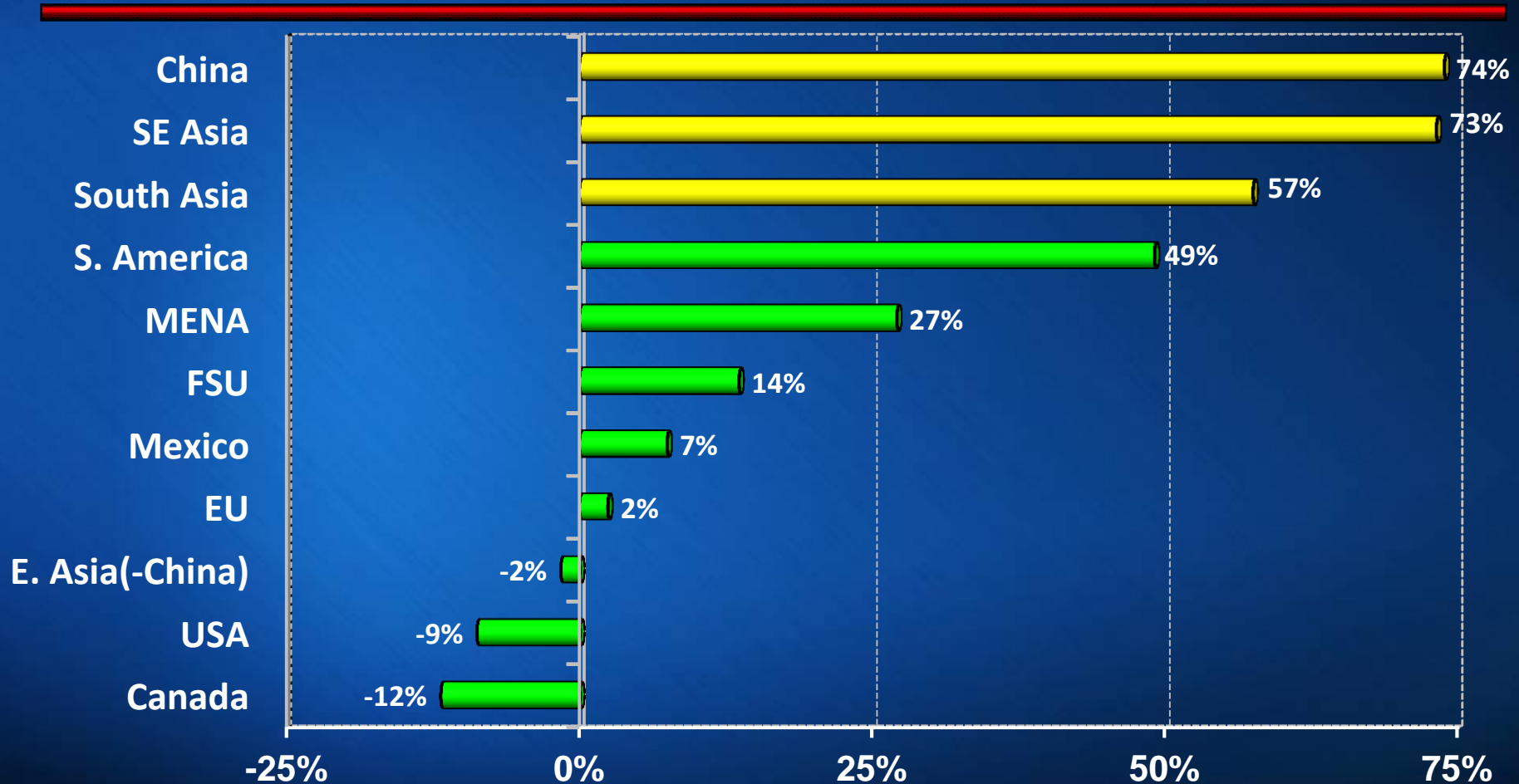
“Middle Class” in Developing Countries to Exceed 600 Million Households by 2023 Led by China and India



Source: Global Insight's Global Consumer Markets data as analyzed by OGA

Increased Protein Consumption Leads to Rising Feed Demand

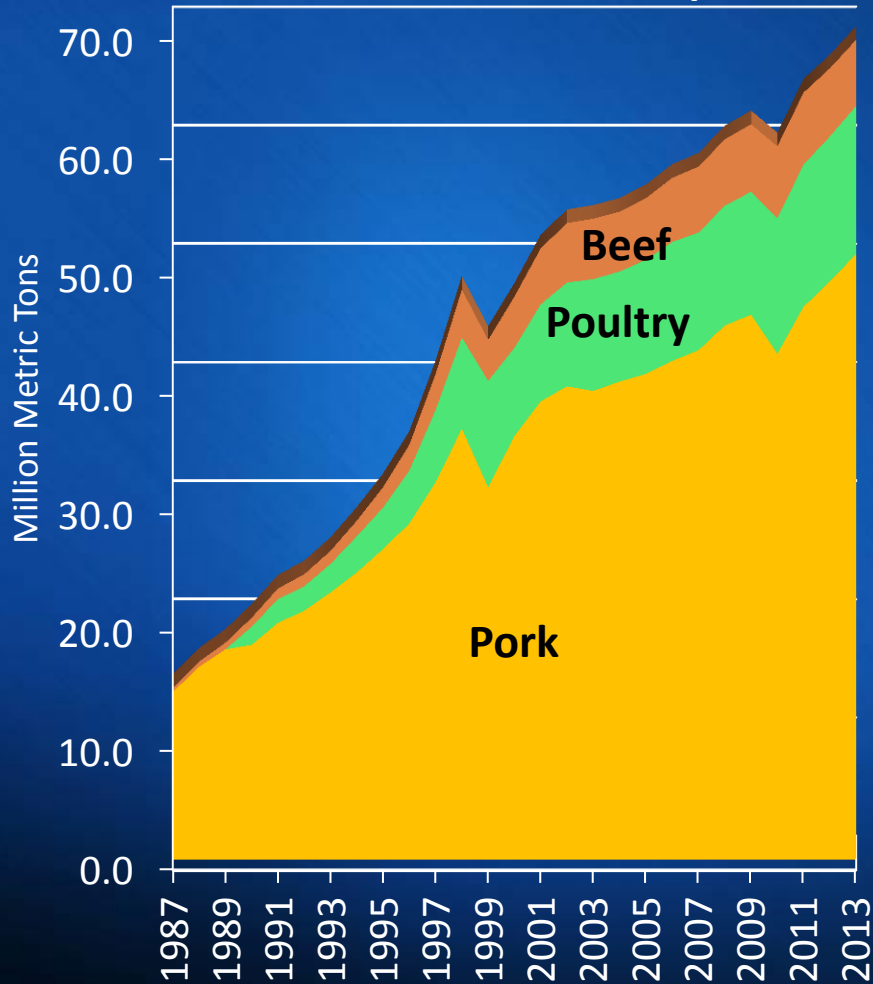
Changes in Grains and Oilseed Meals in Feed Consumption 2003 vs 2013



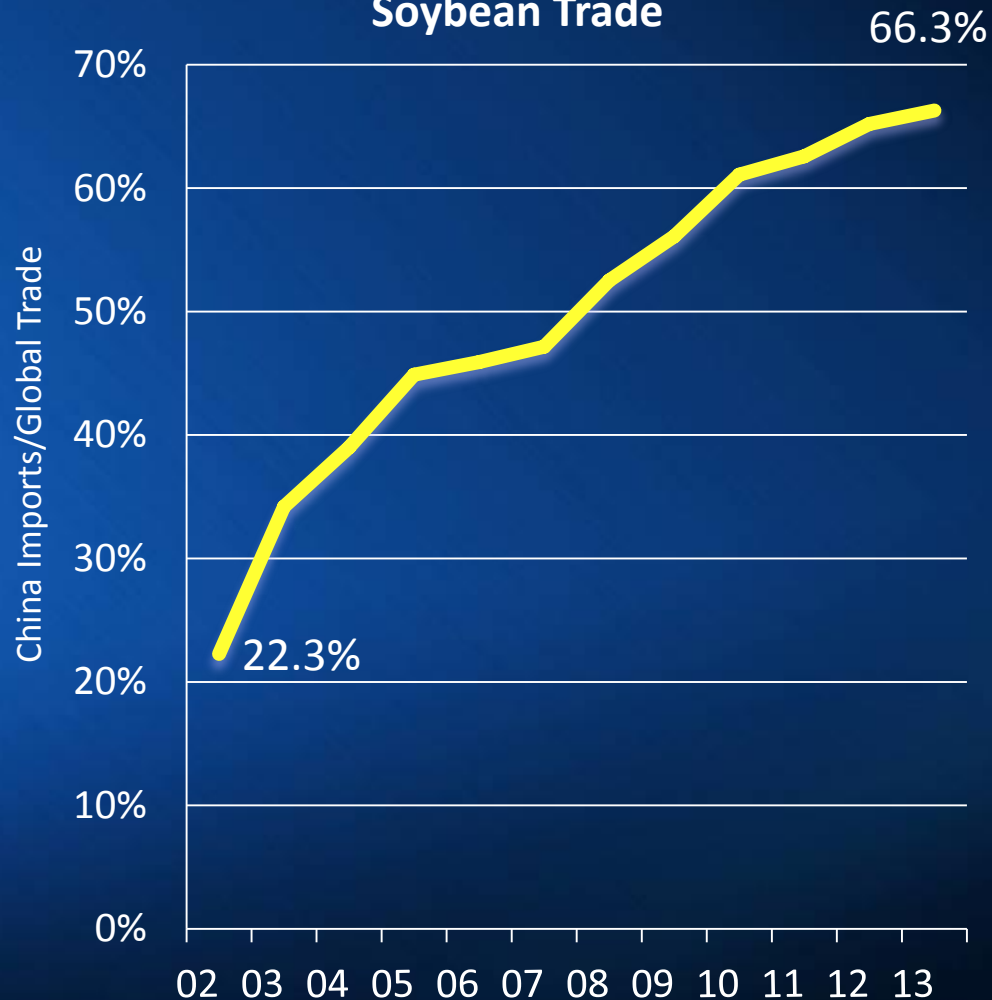
Meat Consumption Drives Chinese Imports

China becomes second largest global importer on growing feed & meat imports

Chinese Meat Consumption



Chinese Soybean Imports/Global Soybean Trade



Crossroads Conclusions

- A new downward trend beginning for food prices?
 - Short-term: Bulk commodity forecast volumes up
 - Short/Mid-term: Low oil prices, lower input costs
 - Long-term: Strengthening dollar
 - Long-term: Offsetting factor - Growing food demand
- Will food prices break from the oil price trend held over the last decade?
 - Oil price decline driven by U.S. production, strong global supply, weaker global demand growth, higher global inventories
 - OPEC November policy decision maintain production levels
- Global food demand outlook
 - Long-term: Strong demand driven by growing middle-class in developing countries

